You should carefully consider all of the information set out in this prospectus, including the risks and uncertainties described below in respect of the business and the industry of the Group, before making an investment in the Shares being offered in this Global Offering. You should pay particular attention to the fact that the principal operations of the Group are conducted in the PRC and are governed by a legal and regulatory environment that in some respects differs from that which prevails in other countries. The Group's business, financial condition or results of operations could be materially and adversely affected by any of these risks. The trading price of the Shares being offered in this Global Offering could decline due to any of these risks, and you may lose all or part of your investment.

The Group believes that there are certain risks involved in the Group's operations, some of which are beyond the Group's control. These risks can be broadly categorised into: (i) risks relating to the secondary listing of the Group; (ii) risks relating to the business of the Group; (iii) risks relating to the industry; (iv) risks relating to conducting operations in the PRC; and (v) risks relating to the Global Offering. Additional risks and uncertainties not presently known to the Group, or not expressed or implied below, or that are presently deemed immaterial, could also harm the Group's business, financial condition and operating results. Prospective investors of the Offer Shares should consider carefully all the information set forth in this prospectus and, in particular, this section in connection with an investment in the Group.

RISKS RELATING TO THE SECONDARY LISTING OF THE GROUP

The characteristics of the Australian share market and Hong Kong share market are different

The Company's Shares registered on the Australian Share Registry (the "Australian Shares") have been listed and have traded on the ASX since December 3, 2002. Following the Global Offering, it is the Group's current intention that the Australian Shares will continue to be traded on the ASX, and the Shares subject to the Global Offering to be registered by the Hong Kong Share Registrar (the "Hong Kong Shares") will be traded on the Stock Exchange. There is no direct trading or settlement between the Australian share and Hong Kong share markets. The period of time required to shunt shares between the Australian Share Registry and Hong Kong Share Registrar may vary and there is no certainty of when shunted shares will be available for trading or settlement.

The ASX and Stock Exchange have different trading hours, trading characteristics (including trading volume and liquidity), trading and listing rules, and investor bases (including different levels of retail and institutional participation). As a result of these differences, the trading price of the Australian Shares and the Hong Kong Shares may not be the same. Furthermore, fluctuations in the Australian Share price could materially and adversely affect the Hong Kong Share price, and vice versa. Moreover, fluctuations in the exchange rate between the A$ and the HK$ could materially and adversely affect the Australian Share and Hong Kong Share prices. Because of the different characteristics of the Australian share and Hong Kong share markets, the historical prices of the Australian Shares may not be indicative of the performance of the Shares (including the Hong Kong Shares) after the listing of the Shares on the Stock Exchange. Investors should therefore not place undue reliance on the prior trading history of the Australian Shares when evaluating an investment in the Global Offering.

The Company is an Australian listed company principally governed by Australian laws and regulations

The Company is registered under the Corporations Act and governed by Australian laws and regulations. As highlighted in "Appendix V — Summary of the Constitution of the Company and Australian Corporations Act", Australian laws and regulations may differ in some respects from comparable Hong

Kong laws and regulations. In addition, certain waivers/exemptions in relation to Hong Kong laws and regulations may have been obtained as highlighted in the section headed "Waivers" in this prospectus. For example, for such time as the Company is not a "public company" under the Hong Kong Codes on Takeovers and Merger and Share Repurchases, such code shall not apply to the Company. Furthermore, there are differences between the ASX Listing Rules and the Listing Rules.

RISKS RELATING TO THE BUSINESS OF THE GROUP

If the Group is not profitable in the future, the value of the Shares could fall

The Group's ability to operate profitably depends upon a number of factors, some of which are beyond the Group's direct control. These factors include the Group's ability to develop its mining projects and commercialise gold reserves, the Group's ability to control its costs, the demand and price for gold and general economic conditions. If the Group is unable to generate profits in the future, the market price of the Shares could fall.

The Group has made losses in each financial year since the financial year ending 31 December 2004.

The Group's ore reserves and mineral resources are estimates based on a number of assumptions, any adverse changes in which could require the Group to lower its ore reserves and mineral resources

The Group's mining operations may yield less gold under actual production conditions than indicated by the Group's ore reserve and mineral resource figures, which are estimates based on a number of assumptions. Ore reserves and mineral resource are estimates, prepared in accordance with the JORC Code, and are based on assumptions, knowledge, experience and industry practice. No assurance can be given that any particular level of recovery of gold from ore reserves or mineral resources will in fact be realised or that an identified mineral resource will ever qualify as a commercially mineable (or viable) orebody which can be legally and economically exploited. Estimates which were valid when made may change significantly when new information becomes available.

Mineral resource and ore reserve estimates are imprecise and depend to some extent on interpretations, which may ultimately prove to be inaccurate. Should the Group encounter mineralisation different from that predicted by past drilling, sampling and similar examination, mineral resource and/or ore reserve estimates may have to be adjusted downward. This downward adjustment could materially affect the Group's development and mining plans, which could materially and adversely affect the Group's business and results of operations.

The grade of ore ultimately mined may differ from that indicated by drilling results. Short term factors relating to ore reserves, such as the need for orderly development of orebodies or the processing of new or different grades, may also materially and adversely affect the Group's business and results of operations. There can be no assurance that gold recovered in laboratory tests will be duplicated under on-site conditions or in production-scale operations. Material changes in ore reserves resulting from unexpected changes to the gold price, grades, production costs, stripping ratios and recovery rates may affect their economic viability. Ore reserves are reported as general indicators of mine life and should not be interpreted as assurances of mine life or of the profitability of current or future operations.

The economic viability of ore reserves and mineral resources may also be affected by such factors as permit regulations and requirements, environmental factors, unforeseen technical difficulties, unusual or unexpected geological formations and work interruptions.

The Group will depend on the Jinfeng Project, and the Group's interest in the Jinfeng CJV, for substantially all of its revenues and cash flows from operating activities in the near term

While the Group intends to continue investing in additional mining and exploration projects in the future, the Jinfeng Project, which is owned by the Jinfeng CJV, a CJV in which the Group owns an 82% interest, is likely to be the Group's only producing mining project in fiscal year 2007. Following commencement of commercial production at the Jinfeng Project mine, which is expected in the first quarter of 2007, the Group expects that this mine will provide substantially all of the Group's operating revenue and cash flows for at least the next two years and possibly beyond that period.

Consequently, a delay or difficulty encountered in the progress or development of the Jinfeng Project could materially and adversely affect the Group's financial condition and financial sustainability.

In addition, the Group's business and results of operation could be materially and adversely affected by any events which cause the Jinfeng Project mine to operate at less than optimal capacity, including among other things, equipment failure or shortages, adverse weather, any permitting or licensing delays; any inability of the Group to generate sales of gold dore; any failure of the mine to produce expected amounts of gold; and any disputes that may arise between the Group and the Jinfeng CJV partner, Lannigou, with respect to the management of the Jinfeng CJV.

The Jinfeng Project is in the late stages of construction, is expected to involve a significant amount of higher risk underground mining operations, and is yet to demonstrate whether it is capable of operating at the targeted level of economic production

The Jinfeng Project has been designed and constructed with the intention that it will be capable of achieving commercial gold production on economically viable terms but is yet to demonstrate such capability. As the Jinfeng Project is presently in the late stages of construction, there is a risk that the targeted level of commercial gold dore production may be delayed or never realised, or realised only with the Group undertaking significant further capital expenditure. If the Company fails to complete the Jinfeng Project within the projected schedule and budget, the Company's Share price and the Group's business and results of operation could be materially and adversely affected.

A significant portion of the Jinfeng Project's ore reserves are expected to be extracted by underground mining methods. The underground mine is in its early development stage. There is a risk that commercial gold dore production from such development may be delayed or never realised at targeted levels. Underground mining operations are generally considered to be higher risk than open-pit operations and the success of the proposed underground mining operation is yet to be proven. There can be no guarantees that the actual performance from the underground mine will not be impacted by circumstances that are unable to be foreseen or quantified until underground mining operations commence.

The Group could encounter difficulty meeting its capital expenditure requirements in the future

The exploration for and mining of mineral resources requires substantial capital investment. The development and expansion plans of the Group may also result in increases in capital expenditures and commitments. The Group may require additional funding to develop the Group's mining projects and expand the business. The Group may be required to seek funding from third parties if internally generated cash resources and available bank facilities are insufficient to finance these activities. In the event that the Group were unable to obtain adequate financing on acceptable terms, or at all, to satisfy its operating, development and expansion plans, its business and results of operations may be materially and adversely affected.

The Group's indebtedness and the conditions imposed on the Group by the Group's financing agreements could materially and adversely affect the Group's business and results of operations

As of December 31, 2006, the Group had total bank borrowings of A$56.39 million and Convertible Notes of US$35 million million. In addition, the Company has negotiated an indicative term sheet for the proposed Corporate Loan Facility of US$25 million and entered into the Cost Overrun Facility of US$3.7 million. As at the Latest Practicable Date, the Company has not drawn down upon either of these facilities. The Group may incur additional indebtedness in the future. The Group's indebtedness could have several important consequences, including but not limited to the following:

- a portion of the Group's cash flow will be used towards repayment of its existing debt, which will reduce the availability of cash to fund working capital needs, capital expenditures, acquisitions and other general corporate requirements;
- the Group's ability to obtain additional financing in the future at all or on reasonable terms may be restricted;
- fluctuations in market interest rates may affect the cost of the Group's borrowings, as some of its loans are at variable interest rates; and
- the Group may be more vulnerable to economic downturns, may be limited in its ability to withstand competitive pressures and may have reduced flexibility in responding to changing business, regulatory and economic conditions.

Entities in the Group have provided securities to its lenders in respect of financing arrangements for the Jinfeng Project. These include security over all of the Group's interest in subsidiaries associated with the Jinfeng Project as well as security over the assets of the Group associated with the Jinfeng Project. The Group's financing agreements also include various conditions and covenants that require the Group to obtain lender consents prior to carrying out certain activities and entering into certain transactions. In some cases, entities in the Group must, among other requirements, seek, and may be unable to obtain, lenders' consents to amend constitutions of the Group companies; or incur additional debt, create additional charges on or further encumber assets, provide additional guarantees or dispose of certain assets, except where such debt, charges, encumbrances, guarantees or disposals are of a type specifically permitted, whether or not there is any failure by the Group to comply with the other terms of such agreements. Failure to meet these conditions or obtain these consents could materially and adversely affect the Group's business and results of operations. Please see the section headed "Financial Information — Indebtedness — Borrowings and Debt Securities" in this prospectus for a description of the terms contained in these agreements.

Compliance with the various terms of the Group's loans is, however, subject to interpretation and there can be no assurance that the Group has requested or received all consents from its lenders that would be advisable under its financing documents. As a result, it is possible that a lender could assert that the Group has not complied with all the terms under its financing documents. Any failure to service the Group's indebtedness, comply with a requirement to obtain a consent or perform any condition or covenant could lead to a termination of one or more of the Group's credit facilities, acceleration of amounts due under such facilities and cross-defaults under certain of the Group's other financing agreements, any of which could materially and adversely affect the Group's business and results of operations.

Fluctuations in the market price for gold could materially and adversely affect the Share price of the Company and the Group's business and results of operations

Substantially all of the Group's revenues and cash flows are and will continue to be derived from the sale of gold dore. Therefore, the financial performance of the Group is exposed to gold price fluctuations. Historically, the market price for gold has fluctuated widely and has experienced periods of significant decline. The gold price in the PRC is highly influenced by the international gold price, which is denominated in US$. Gold prices may be influenced by numerous factors and events which are beyond the control of the Group. These factors and events include world demand, forward selling activities, gold reserve movements at central banks, costs of production by other gold producers and other macro-economic factors such as expectations regarding inflation, interest rates, currency exchange rates (especially the strength of the US$), as well as general global economic conditions and political trends. If gold prices should fall below or remain below the Group's cost of production for any sustained period due to these and other factors and events, the Company's Share price and the Group's business and results of operations could be materially and adversely affected.

Fluctuations in exchange rates could materially and adversely affect the Group's operating cash flows and profitability

Fluctuations in the US$ relative to RMB or in the US$ relative to the A$ could materially and adversely affect the cash flow and earnings of the Group. The majority of the Group's operating costs are denominated in RMB, and although the Group's revenue is denominated in RMB, the RMB gold price effectively moves in line with the US$ gold price. The Group's financial results are published in A$. Therefore, if the US$ weakens relative to the RMB, or if the US$ appreciates relative to the A$, the Group's consolidated financial results could be materially and adversely affected.

Any increase in the price of production inputs, including labour, power, mine consumables or other inputs could materially and adversely affect the Group's business and results of operations

Input costs can be affected by changes in factors including market conditions, government policies, exchange rates and inflation rates, which are unpredictable and outside the control of the Company. In particular, the cost of power, fuel, explosives and other inputs constitutes a significant part of the Group's operating expenses. During the Track Record Period, the cost of power, fuel and explosives accounted for 13%, 12% and 17%. of the total operating costs of the Jianchaling Gold Mine for year ended 31 December 2004, 2005 and 2006, respectively. Unanticipated increases in the price of these or other inputs could materially and adversely affect the Group's business and results of operations.

The Group could incur losses or lose opportunities as a result of the derivative instruments the Group holds

The Group enters into certain hedging transactions as required pursuant to the Group's Senior Loan Facility. Please refer to the section headed "Business — Hedging Activities" in this prospectus for a quantitative description of the hedging transactions of the Group.

Certain hedging transactions may eliminate or limit additional revenues that the Group would otherwise receive from any future increases in the gold price or changes in exchange rates. In addition, the Group's business and results of operations could be materially and adversely affected if for any reason its production of gold dore is unexpectedly interrupted and as a result it is unable to produce sufficient gold dore to cover any hedging transactions it has entered into. There is also a risk that the counterparty to any hedging transaction could default on its obligations.

The Group does not anticipate putting in place any further gold hedging at this time, and does not hedge future interest rates or foreign exchange transactions.

As the Group's mines become more mature, the production volumes could decrease and unit production costs could increase.

The mining process typically starts at surface level and progresses to deeper levels. Production efficiency typically decreases as mining depth increases, due to increased costs of ventilation, drainage and transportation. This may cause the unit production cost to increase. As production efficiency decreases, the Group's business and results of operation could be materially and adversely affected.

The Group's operations depend on an adequate and timely supply of water and electricity

Timely and cost effective execution of the Group's mining projects is dependant on the adequate and timely supply of water and electricity. The Group's mining projects will consume a substantial amount of water and electricity in the production process. At the Jinfeng Project, the Group relies on the local rivers and water table for its water supply, and relies on the local power grids to supply the electricity to meet its requirements. Diesel generators have been installed at the Jinfeng Project site, however these generators are intended as a back-up device only, to be used to maintain vulnerable production components, such as the BIOX®, during times when the local power grids are unable to meet the Jinfeng Project's electricity demands. The generators cannot supply sufficient electricity to operate the full production process.

There can be no assurance that the Group will receive adequate supplies of water from local sources or electricity from the local power grids to meet its requirements. There is a risk that those in control of the local power grids will oversell the capacity of those power grids, and that resulting power shortfalls or outages at the Jinfeng Project could occur. If the Group is unable to procure the requisite quantities of water or electricity in time and at commercially acceptable prices or if there are significant disruptions in the supply of electricity or water to any of the Group's project sites including the Jinfeng Project, the performance of the Group's business and results of operations could be materially and adversely affected, and in the worst case scenario, result in a shutdown of a project's operation.

The Group relies substantially on third party contractors to conduct its operations

It has been the Group's commercial practice over time, where possible, to sub-contract various mining, development and exploration services, including engineering, plant construction, earthmoving, grade control and drilling, on the basis of a competitive tender process. Although such services are supervised by the Group's employees, such arrangements with contractors carry with them risks associated with the possibility that the contractors may (i) have economic or other interests or goals that are inconsistent with the Group's, (ii) take actions contrary to the Group's instructions or requests, or (iii) be unable or unwilling to fulfil their obligations. There can be no assurance that the Group will not experience problems with respect to its contractors in the future. The occurrence of such problems could materially and adversely affect the Group's business and results of operations.

The Group's mining operations face material risk of liability, delays and increased production costs from design defects, environmental and industrial accidents, and other factors

By its nature, the business of mineral exploration, project development, mining and processing, contains elements of significant risk and hazards. The continuous success of the Group's business is dependent on many factors such as:

- discovery and/or acquisition of new ore reserves;

- securing and maintaining title to tenements and obtaining necessary consent for exploration and mining;
- successful design and construction of mining and processing facilities;
- successful commissioning and operating of mining and processing facilities; and
- the performance of the technology incorporated into the processing facility, including the BIOX® technology around which the Jinfeng Project has been designed and constructed.

The Group's projects are subject to technical risk in that they may not perform as designed. Increased development costs, lower output or higher operating costs may all combine to make a project less profitable than that expected at the time of the development decision. This would have a negative impact on the Group's expected cashflow. No assurance can be given that the Group would be adequately compensated by third party project design and construction companies in the event that a project did not meet its expected design specifications.

The business may also be disrupted by a variety of risks and hazards that are beyond the control of the Group, including environmental hazards, industrial accidents, technical or mechanical failures, processing deficiencies, labour disputes, unusual or unexpected geological occurrences, severe seismic activity, flooding, cave-ins, the discharge of toxic chemicals, fire, explosions, and other delays. Accidents, technical difficulties, mechanical failure or plant breakdown encountered in the exploration, project development, mining and processing activities could result in disruptions to the Group's operations, increases in its operating costs or personal injuries. Environmental events such as changes in the water table (man-made or naturally occurring) or landslides could materially and adversely affect the underground and open-pit mining of the Group. The occurrence of any of these risks and hazards could result in damage to or destruction of production facilities, personal injury, environmental damage, business interruption, delay in production, increased production costs, monetary losses and possible legal liability (including compensatory claims, fines and penalties) to the Group, which could materially and adversely affect the Group's business and results of operations.

The Group's operations are exposed to risks in relation to the mishandling of dangerous articles

The Group's exploration, mining and gold production operations involve the handling and storage of explosive, toxic and other dangerous articles. More stringent laws, regulations and policies may be implemented by the relevant PRC authorities, and there can be no assurance that the Group will be able to comply with any future laws, regulations and policies in relation to the handling of dangerous articles economically or at all. In addition, there can be no assurance that accidents arising from the mishandling of dangerous articles will not occur in the future. Should the Group fail to comply with any relevant laws, regulations or policies or should any accident occur as a result of the mishandling of dangerous articles, the Group's business and results of operations may be materially and adversely affected, and the Group may be subject to penalties and/or civil and/or criminal liabilities.

Severe weather conditions could materially and adversely affect the Group's business and results of operations

Severe weather conditions, such as heavy rainfall, may require the Group to evacuate personnel or curtail operations and may result in damage to the project site, to a portion of the Group's equipment or to the Group's facilities, which could result in the temporary suspension of operations or generally reduce the Group's productivity. During periods of curtailed activity due to adverse weather conditions, the Group may continue to incur operating expenses while production has slowed down or stopped altogether. Any damages to the Group's projects or delays in its operations caused by severe weather could materially and adversely affect the Group's business and results of operations.

The Group owns its projects through CJV companies which are established pursuant to CJV agreements. The Group's CJV partners have the right, subject to certain conditions, to trigger early termination of the CJV agreement

Pursuant to the provisions of the CJV Law, the CJV companies have been, or will be, established as legal persons with limited liability. The liability of a party to a CJV company has been, or will be, limited to the full amount of such party's equity interest in the company. A party shares, or will share, in the profits, and bears, or will bear, the losses and risks, of a CJV company in proportion to the percentage of its equity interest in the CJV company.

Under the terms of some of the CJV agreements, in the event of an increase in the registered capital of a CJV company, a party generally has a right to contribute proportionately. Under the terms of the balance of the CJV agreements: (i) the Group is entitled to contribute disproportionately to an increase in the registered capital of a CJV company; (ii) the Group is required (without a corresponding requirement on the CJV partner) to contribute to an increase in the registered capital of a CJV company; and/or (iii) if a party does not contribute to an increase in the registered capital of a CJV company, the other party may contribute and thus dilute the non-contributing party's interest.

Under the terms of some of the CJV agreements, the Group: (i) has an option to acquire an additional interest (ranging from 7.5% and 15%) from a CJV partner; (ii) is required to provide financing to a CJV partner to assist the latter to make a capital contribution or to prepare for the establishment of the CJV company; (iii) is required to make a payment (ranging from RMB6 million to RMB15 million) to a CJV partner for the evaluation and transfer of its exploration right and mining right and the transfer of geological data.

A party to a CJV agreement is entitled to terminate the CJV agreement prior to its expiration by delivering written notice to the other party if: (i) the other party materially breaches the CJV agreement or the articles of association of the CJV company, and such breach is not cured (depending on the terms of the CJV agreement) within 90 or 180 days of written notice to such party; or (ii) the other party or the CJV company becomes bankrupt, or is the subject of proceedings for liquidation or dissolution, or ceases to carry on business, or becomes unable to pay its debts as they come due.

All of the Group's mining and exploration rights are currently held by CJV companies. If the Group is unable to come to an agreement with a CJV partner as to the exploitation of the areas with mining and mineral rights, the CJV company will be unable to exploit the same.

Unanimous consent of the board of a CJV company may be required to effect certain matters and the Group may not be able to effect such matters despite its desire to do so

The board of directors of a CJV company (other than the Jinfeng CJV company) ordinarily consists, or will consist, of five directors, three of whom are, or will be, appointed by the Group and two of whom are, or will be, appointed by the CJV partner. In the case of the Jinfeng CJV company, the board consists of nine directors, five of whom are appointed by the Group and four of whom are appointed by the CJV partner. The Group is required under the CJV Law and the CJV agreements to obtain the unanimous consent of the directors present at a meeting of the board on important decisions, which include: (i) amendment to the articles of association of the CJV company; (ii) increase or reduction of the registered capital of the CJV company; (iii) dissolution of the CJV company; (iv) mortgage of the assets of the CJV company; (v) merger or division of the CJV company or a change in its form of its organization; and (vi) adoption of any development program involving a capital expenditure over certain amount (ranging from US$5 million to US$10 million) other than any such program which is included in the feasibility study. To the extent unanimous consent cannot be obtained, there is a risk that the Company will not be able to effect these matters despite its desire to do so. In the event the parties are unable to resolve a dispute, the parties may be required to move the dispute to mediation or arbitration.

A CJV company is a joint venture company — it does not confer the same level of control as a wholly-owned subsidiary

Under all 11 of the existing CJV agreements, the Group is entitled to:

- appoint a majority of the directors of the CJV company; and
- appoint the general manager of the CJV company, who is responsible for the day-to-day operation and management of the CJV company and implementing resolutions of the board.

Therefore, the Group controls the day-to-day management and operations of the CJV companies. However, this control is qualified by the following matters described elsewhere in this section headed "Risk Factors — Risks Relating to the Business of the Group" in this prospectus:

- under the CJV Law and the CJV agreements, certain decisions require the unanimous consent of the directors present at a meeting of the board (including the consent of directors appointed by the CJV partner);
- the CJV partner is entitled to terminate the CJV agreement in specified circumstances; and
- the CJV partner may breach its obligations to contribute to an increase in the registered capital of the CJV company, which may result in the Group deciding to make an additional capital contribution to the CJV company in order to satisfy the capital requirements of the CJV company.

In addition, whether the Group will control all of its future CJV companies will depend on commercial negotiations with future CJV partners. If, in the future, the Group enters into a CJV agreement where the Group is not entitled to:

- appoint a majority of the directors of the CJV company; or
- appoint the general manager of the CJV company,

then, the Group may not be able to control the day-to-day management and operations of that CJV company.

The Group's future growth depends on forming and maintaining successful CJVs to qualify for and carry out mining and exploration projects. If the Group is unable to forge an alliance with appropriate partners, the Group could fail to acquire mining and exploration projects

In order to be able to acquire mining and exploration projects, the Group enters into CJVs with various Chinese partners that own or hold the relevant mining and/or exploration rights. In cases where the Group is unable to forge an alliance with appropriate partners, the Group may fail to acquire the mining and exploration project which could materially and adversely affect the growth of the Group.

Any disputes or disagreements with the Group's CJV partners could materially and adversely affect the Group's business and results of operations

The Group has entered into several CJV agreements, mostly with state-owned entities. In these circumstances, certain members of the management and boards of directors of the CJV companies are nominated by the Group's CJV partners. There is no assurance that the strategic direction of a CJV will be consistent with the Group's objectives. Any change in the management or strategic direction of one or more of the Group's CJVs could materially and adversely affect the Group's business and results of operations. Additionally, if a dispute arises between the Group and a CJV partner and the partners are unable to amicably resolve the dispute, the Group may be involved in lengthy proceedings to resolve the dispute, which could materially and adversely affect the Group's business and results of operations.

If the Group is unable to attract, retain and train key personnel, the Group's business and results of operations could be materially and adversely affected

The Group's success depends to a significant extent upon its ability to attract, retain and train key management personnel, both in Australia and in the PRC, as well as other management and technical personnel (including those employed on a contractual basis). The Company cannot prevent contractors and employees from terminating their respective contracts in accordance with the relevant agreed conditions. The Group's success further depends on the ability of its key personnel to operate effectively, both individually and as a group. All of the Group's key management and technical personnel are important to the Group's success, however none of the key personnel are irreplaceable. If the Group is not successful in retaining or attracting such personnel, the Group's business may be harmed. The loss of the services of any of the Group's key management personnel could materially and adversely affect the Group's business and results of operations.

Additionally, the Group's ability to recruit and train operating and maintenance personnel is also a key factor for the Group's business activities. If the Group is not successful in recruiting and training such personnel, it could materially and adversely affect the Group's business and results of operations.

The Group's insurance coverage could prove inadequate to satisfy potential claims

In the PRC, insurance coverage is a relatively new concept and, for certain aspects of business operations, insurance coverage is restricted or prohibitively expensive. For example, the Group is able to obtain only limited workers compensation for its employees in the PRC, so this risk is largely self-insured by the Group. This is in line with industry practice in the PRC. The Group's business and results of operation could be materially and adversely affected if, for example, there was a major accident involving a large number of employees.

The Group has taken out insurance within ranges of coverage consistent with industry practice in the PRC. The Group intends to maintain insurance within ranges of coverage consistent with industry practice in the PRC, but no assurance can be given that the Group will be able to obtain such insurance coverage at economically reasonable premiums (or at all), or that any coverage the Group obtains will be adequate and available to cover the extent of any such claims against the Group. In the event that the Group suffers a significant liability for which the Group is not insured or insurance coverage is inadequate to cover the entire liability, the Group's business and results of operation could be materially and adversely affected.

Any defects in the titles to the Group's mining properties could prevent or severely curtail the Group's use of the affected properties

The ability of the Group to carry out successful mining and exploration activities will depend on a number of factors, of which one of the most critical is the ability of the Group's companies to obtain clear and unambiguous tenure of exploration and mining properties. There is no guarantee that a CJV will meet the conditions imposed by the government in relation to any licences issued, or the Chinese mining legislation generally. Furthermore, there can be no assurance that a renewal or a transfer of licences into other forms of licences appropriate for ongoing operations will be granted to the relevant CJV or, if they are granted, that the CJV will be in a position to comply with all conditions that are imposed.

The penalties for building construction without valid permits may include fine, rectification, suspension of construction or demolishment of the building, depending on the nature and consequence of such defects.

For leased property lacking relevant title documents, the validity and legality of corresponding lease agreements remains uncertain, and in case the lease is treated as null and void, the lessee may risk having to return leased property to the beneficial owner thereof.

If the Group is unable to secure title to the individual mining properties or if the CJVs are unable to comply with all conditions imposed by the government for the issuance of any required licence, the Group may be unable to operate its projects or to enforce its rights with respect to its projects.

The Group's mining rights and exploration rights may be infringed by others

There have been incidents of infringement of mining rights and exploration rights in the PRC gold mining industry, where areas over which licensed exploration or mining rights were held were explored and mined by unauthorised enterprises. In the event that such infringement of the Group's exploration or mining rights occurs in the future, the Group's business and results of operations may be materially and adversely affected.

The Group's operations are subject to extensive government regulations that could cause the Group to incur costs that materially and adversely affect the Group's business and results of operations

The Group's operations are subject to extensive government regulation, including environmental, health and safety laws and regulations. These laws and regulations set various standards regulating certain aspects of health and environmental quality, including waste treatment, emissions and disposals. They provide for penalties and other liabilities for the violation of such standards and establish, in certain circumstances, obligations to rehabilitate current and former facilities and locations where operations are or were conducted.

Any failure on the Group's part to comply with environmental, health and safety laws and regulations with respect to the Group's operations could result in the imposition of significant liabilities for damages, clean-up costs or penalties or suspension of the Group's right to operate where there is evidence of serious breach. Such costs or disruptions in operations could materially and adversely affect the Group's business and results of operations.

There is no assurance that more onerous environmental, health and safety laws, policies and/or standards (including environmental rehabilitation requirements) will not be implemented by the relevant authorities in the PRC in the future which require the Group to undertake costly measures or obtain additional approvals. The Group's business and results of operations could be materially and adversely affected by any obligations which may be imposed under such new laws, policies and/or standards.

The Group expects to produce a significant amount of wastewater and tailings as by-products of the Group's mining activities, which could expose the Group to material liabilities

One of the main environmental issues in the gold mining industry is wastewater and tailings management. Wastewater and tailings can contain substances that are potentially harmful to human beings and the environment, especially in large quantities. There can be no assurance that the Group will not be subject to claims for damages to persons or property resulting from the release into the environment of wastewater or tailings residue by the Group's operations. Furthermore, higher environmental protection standards may be imposed by the PRC in the future, which could increase the Group's costs of compliance. In either event, such costs and liabilities could materially and adversely affect the Group's business and results of operations. Please also refer to the section headed "The PRC Laws and Regulations Relating to the Industry — Laws and Regulations Relating to Environmental Protection" in this prospectus for a description of the environmental laws and regulations imposed upon the Group's activities.

The Group's mining operations have a finite life and eventual closure of these operations will entail costs and risks regarding ongoing monitoring, rehabilitation and compliance with environmental standards

The key risks for mine closure are (i) long-term management of permanent engineered structures (dam walls, spillways, wetlands, roads, waste dumps) and acid rock drainage; (ii) achievement of environmental closure standards; (iii) orderly retrenchment of employees and contractors; and (iv) relinquishment of the site with associated permanent structures and community development infrastructure and programs to new owners. The successful completion of these tasks is dependent on the ability to successfully implement negotiated agreements with the relevant government, community and employees. The consequences of a difficult closure range from increased closure costs and handover delays to ongoing environmental impacts and corporate reputation damage if desired outcomes cannot be achieved, which could materially and adversely affect the Group's business and results of operations.

Any failure by or inability of the Group to obtain and retain required government approvals, permits and licences for its mining and exploration activities or renewals thereof could materially and adversely affect the Group's business and results of operations

Under the amended "Mineral Resources Law of the PRC", all mineral resources in the PRC are owned by the State. Thus, mining enterprises, such as those of the Group, are required to obtain certain government approvals, permits and licences for each of their mining and exploration projects. The ability of the Group to carry on its business is therefore subject to its ability to obtain, and the government's willingness to issue, renew and not revoke, such requisite mining and exploration rights.

According to the PRC laws, before the exploration and exploitation activities relating to mineral resources can commence, the project company must first obtain an exploration licence and a mining permit, which will generally entitle the project company to the exploration and mining rights attached to the relevant mining project. Furthermore, if the mining activities involve gold resources, a Gold Operating Permit will be also required.

During the mining process, the project company must also obtain a production safety certificate and a waste discharge permit, which are required by the PRC production safety and environmental protection related laws.

There can be no assurance that future approvals or renewals of current rights will be granted in a timely manner, or at all, or not revoked, including in relation to the Jinfeng Project and/or the White Mountain Project.

Government approval and a business licence are also required to form a CJV in the PRC. There is no certainty that such approval or licence will be granted in a timely manner in the future or at all, or not revoked. Any failure to obtain or any delay in obtaining or retaining any required governmental approvals, permits or licences, or renewals thereof, could materially and adversely affect the Group's business and results of operations.

It could be difficult for investors to enforce any judgement obtained outside Australia against the Company or any of its associates

The Company is an Australian registered company and many of its officers and Directors are residents of Australia. A substantial portion of the Company's assets and the assets of the Company's officers and Directors, at any one time, are and may be located in jurisdictions outside Hong Kong. It could be difficult for investors to effect service of process within Hong Kong on the Directors and officers who reside outside Hong Kong or to recover against the Company or its Directors and officers on judgements of Hong Kong courts predicated upon the laws of Hong Kong.

If a judgement is obtained against the Company or the Directors in a Hong Kong court, additional requirements need to be satisfied in order to attempt to enforce the judgement in Australia. Under the Foreign Judgements Act 1991 (Commonwealth of Australia), an Australian court will only enforce such a judgement if, amongst other things, an application is made to register the judgement in Australia within six years of the date of judgement (or date of latest appeal), it is a judgement of the Court of Final Appeal or the High Court in Hong Kong, and the judgement is final and conclusive (even if an appeal can be made from the judgement). In addition, an Australian court may set aside registration of a judgement of the Hong Kong courts where, for example, the judgement debtor did not appear in the proceedings in Hong Kong, the judgement has been reversed or set aside on appeal, or enforcement of the judgement would be contrary to public policy in Australia.

The Group may undertake strategic acquisitions or investments, which may prove to be difficult to integrate and manage or may not be successful

In the future, the Group may consider making strategic acquisitions or investments as a means of pursuing the Group's corporate strategy. It is possible that the Group may not identify suitable acquisition or investment opportunities, or if it does identify suitable opportunities, that it may not complete those transactions on terms commercially acceptable to the Group or at all. The inability to identify suitable acquisition targets or investments or the inability to complete such transactions could materially and adversely affect the Group's competitiveness and growth prospects. In the event the Group successfully completes an acquisition or investment, it could face difficulties managing the investment or integrating the acquisition with its operations. There can be no assurance that the Group will be able to achieve the strategic purpose of such an acquisition or investment. These difficulties could disrupt the Group's ongoing business, distract its management and employees, and increase its expenses, any of which could materially and adversely affect the Group's business and results of operations. No target acquisitions or investments are currently identified by the Group, except for the following, which are specifically disclosed elsewhere in this prospectus;

- the potential acquisition of two CJVs from Gold Fields Australasia — Please refer to the section headed "Business — Recent Developments — Heads of Agreement" in this prospectus; and

- the five CJV agreements entered into with various PRC CJV partners to establish CJVs to undertake exploration activities. Each such CJV is pending approval by the relevant PRC government authority. Please refer to the section headed "Business — Summary of CJV Agreements — CJV Agreements for Projects Pending Governmental Approval" in this prospectus.

The Group may sell most of the gold dore it produces to a small number of refineries

The Group expects to conduct tenders to determine which refinery(ies) will purchase the gold dore produced by the Group. Depending on the results of such tenders, the Group may sell most of its gold dore to a small number of refineries. The Group's business and results of operations may be materially and adversely affected should such refinery(ies) cease to be able to fulfil its tender obligations, to the extent the Group suffers from a delay in transacting sales due to the time required to conduct a tender for a replacement. For the three years ended December 31, 2004, 2005 and 2006, the five largest customers of the Group accounted for approximately 100% of Group's total sales, whilst the largest customer accounted for 35%, 70% and 78% of the Group's total sales, respectively, for the same periods.

The operations of the Group may be exposed to risks in relation to production safety and the occurrence of accidents or natural disasters

The operations of the Group may be exposed to risks in relation to production safety and the occurrence of accidents or natural disasters.

There have not been any material non-fatal injuries or fatal accidents during the Track Record Period at any of the Group's project sites and consequently there are no one-off or continuing liabilities or claims imposed on the Group.

The Group is in compliance with relevant safety standards, rules and regulations and consequently the Group is not subject to any order from Government authorities to rectify non-compliance with relevant safety standards, rules and regulations.

RISKS RELATING TO THE INDUSTRY

Exploration of mineral properties is highly speculative in nature, requires substantial expenditures and is often unsuccessful

Discovery of new mineral resources is crucial to the growth of the Group. There is no assurance that exploration activities will result in the discovery of valuable mineral resources or profitable mining operations. If a viable deposit is discovered, it can take several years and substantial expenditures from the initial phases of exploration until production commences during which time the capital cost and economic feasibility may change. Furthermore, actual results upon production may differ significantly from those anticipated at the time of discovery.

In order to maintain gold production beyond the life of the current proved and probable gold reserves of the Group, further gold reserves must be identified, either to extend the life of existing mines or justify the development of new projects. The Group's exploration programs may not result in the replacement of such gold reserves or result in new commercial mining operations.

Changes in the laws and regulations relating to the gold industry to which the Group is subject could materially and adversely affect its business and results of operations

The central and local governments exercise a substantial degree of control over the gold industry in the PRC. As a result, the business of the Group is subject to various government policies, regulations, standards and requirements. If the relevant Chinese government or regulatory body changes its current policies, regulations, standards and requirements or the interpretation thereof, especially those that are currently favourable to the Group, the Group could face disruptions in its operations, increases in operating costs and significant constraints on its flexibility and ability to expand its business operations or to maximise its profitability.

If any of the Group's future projects are not approved, or are not approved on a timely basis, the Group's business and results of operations could be materially and adversely affected.

In addition, the introduction of new policies, legislation or amendments to existing policies or legislation, or changes in the interpretation thereof, in Australia, Hong Kong or the PRC could materially and adversely affect the Group's business and results of operations.

The Group's ability to obtain gold resources in the future could be materially and adversely affected by competition from other companies

The future business of the Group depends on its ability to discover or acquire new resources. The Group faces competition from other mining enterprises, both domestic and foreign, in discovering, acquiring and producing resources in the PRC. There can be no assurance that the Group can effectively compete with existing or future competition to acquire mineral resources, and any failure to compete effectively could materially and adversely affect the Group's business and results of operations.

RISKS RELATING TO CONDUCTING OPERATIONS IN THE PRC

Political, economic and legal developments, as well as PRC government policies, could materially and adversely affect the Group's business and results of operations

Substantially all of the Group's operating assets are located in the PRC. Accordingly, the Group's result of operations, financial position and prospects are subject to a significant degree to economic, political and legal developments in the PRC. The economy of the PRC has shifted gradually from a planned economy to a socialist market-oriented economy. The Company believes that it has benefited from the economic reforms implemented by the PRC government and the economic policies and measures. However, there is no assurance that the PRC government will maintain, or continue to pursue, economic and political reforms. Specifically, the Group's business and results of operations could be materially and adversely affected by changes in Chinese government regulations with respect to restrictions on production, price controls, export controls, income taxes, expropriation of property, environmental legislation or mine safety.

In addition, the Group's business and results of operations could be materially and adversely affected by: (i) changes in the rate or method of taxation; (ii) imposition of additional restrictions on currency conversion and remittances abroad; (iii) reduction in tariff or quota protection and other import restrictions; (iv) changes in the usage and costs of PRC-controlled transportation services; (v) PRC policies affecting the gold industry; (vi) industrial disruptions; or (vii) economic growth.

There are uncertainties regarding the interpretation and enforcement of PRC laws and PRC regulations

The PRC legal system is based on a statutory law system. Unlike the common law system, prior legal decisions and judgements are relevant for guidance only but do not have precedent effect. Since 1979, the PRC government has been developing a commercial law system, and progress has been made in promulgating laws and regulations relating to economic affairs and matters such as corporate organisation and governance, foreign investment, commerce, taxation and trade. However, these regulations are relatively new and the availability of public cases as well as the judicial interpretation of them are limited in number; moreover, as prior court decisions are not binding, both the implementation and interpretation of these laws, regulations and legal requirements are uncertain in many areas. Accordingly, there is a risk that some of the Group's existing and future contractual rights may not be fully enforceable under the PRC legal system, which could materially and adversely affect the Group's business and results of operations.

Changes in foreign exchange regulations could materially and adversely affect the Group's business and results of operations

The Group receives all its operating revenues in RMB. A portion of these revenues is converted into other currencies to meet foreign currency obligations (such as head office charges, debt servicing, and equipment purchases). Foreign exchange transactions under the Group's capital account, including principal payments in respect of foreign currency-denominated obligations and payments of dividends and interest, continue to be subject to significant foreign exchange controls and require the approval of the State Administration of Foreign Exchange. These limitations could materially and adversely affect the Group's ability to obtain foreign exchange through debt or equity financing, or to obtain foreign exchange for capital expenditures.

Since 1994, the conversion of RMB into foreign currencies, including A$ and US$, has been based on rates set by the PBOC, which are set daily based on the previous day's PRC interbank foreign exchange market rate and current exchange rates on the world financial markets. Since 1994, the official exchange rate for the conversion of RMB to US$ has generally been stable. In 2005, the PRC revalued the exchange rate of the RMB to the US$ and abolished the RMB to US$ peg applied in the past. There can be no assurance that in the future, the PRC will not revalue the RMB or permit its substantial appreciation. Any appreciation of the RMB could materially and adversely affect the Group's business and results of operations, through higher foreign currency denominated operating costs and lower financial returns in A$ terms.

The Group is currently able to repatriate all its RMB funds, and to make payments of dividends and distributions of profits from RMB funds although such repatriations and payments are subject to a mixture of controls and regulations. While the PRC Government is generally relaxing restrictions on foreign trade and investment, there is no certainty that future RMB can be repatriated or distributed. Any significant restrictions on the Group's ability to repatriate or distribute RMB funds could materially and adversely affect the Group's business and results of operations.

The outbreak, or threatened outbreak, of any severe communicable disease in the PRC, could materially and adversely affect the Group's business and results of operations

The outbreak, or threatened outbreak, of any severe communicable disease (such as severe acute respiratory syndrome or avian influenza) in the PRC, could materially and adversely affect the overall business sentiments and environment in the PRC, particularly if such outbreak is inadequately controlled. This in turn could materially and adversely affect domestic consumption, labour supply and, possibly, the overall GDP growth of the PRC. As the Group's revenue is currently derived from its PRC operations, any labour shortages on contraction or slowdown in the growth of domestic consumption in the PRC could materially and adversely affect the Group's business and results of operations. In addition, if any of the Group's employees is affected by any severe communicable disease, it could adversely affect or disrupt the Group's production at the relevant plants and materially and adversely affect its results of operations as the Group may be required to close its facilities to prevent the spread of the disease. The spread of any severe communicable disease in the PRC may also affect the operations of the Group's customers and suppliers, which could materially and adversely affect the Group's business and results of operations.

Uncertainties in relation to the application of taxation laws and regulations could materially and adversely affect the Group's business and results of operations

Pursuant to certain tax laws and regulations of the PRC, the Company may be eligible to enjoy certain preferential tax treatment. There is no certainty that such preferential treatment will be applied and/or not revoked. The applicable tax rates for the Jinfeng Project will not be known until the Jinfeng Project is in a tax paying position. The Group, although potentially eligible for such preferential treatment, cannot be certain of the applicable treatment until such time. Any failure to provide, or revocation of such, concession, could materially and adversely affect the Group's business and results of operations.

Restrictions on foreign investment in the PRC mining industry could materially and adversely affect the Group's business and results of operations

In the PRC, foreign companies have in the past been, and are currently, required to operate within a framework that is different from that imposed on domestic PRC companies. However, the PRC Government has been opening up opportunities for foreign investment in mining projects and this process is expected to continue, especially following the PRC's accession into the World Trade Organisation. However, if the PRC Government should reverse this trend, or impose greater restrictions on foreign companies, or seek to nationalise the Group's PRC operations, the Group's business and results of operations could be materially and adversely affected. For a description of the laws and regulations applicable to foreign mining companies, please refer to the section headed "The PRC Laws and Regulations Relating to the Industry" in this prospectus.

RISKS RELATING TO THE GLOBAL OFFERING

Future share market conditions may change

There are risks involved with any investment in listed shares. The value of the Shares listed on the ASX may rise or fall depending upon a range of factors and stock market conditions, which are unrelated to the Company's future financial performance. Movements on international stock markets, local interest rates and exchange rates, domestic and international economic and political conditions, as well as government, taxation and other policy changes may affect the stock market. As the Company is a listed company on the ASX, its Share price will be subject to numerous influences, which may affect both the broad trend in the share market and the share prices of individual companies sectors.

The liquidity and market price of the Shares following the Global Offering could be volatile

Prior to the Global Offering, the Company's Shares were not offered to the public in Hong Kong. The Offer Price will be determined by the Global Coordinator, on behalf of the Underwriters, and the Company (on its behalf and on behalf of the Selling Shareholders). The Offer Price may not be indicative of the price at which the Shares will trade following the completion of the Global Offering. In addition, there can be no assurance that there will be an active trading market for the Shares, or if it exists, that it can be sustained following the completion of the Global Offering, or that the price at which the Shares will trade will not fall below the Offer Price.

Future issuances or sales, or perceived issuances or sales, of substantial amounts of the Shares in the public market could materially and adversely affect the prevailing market price of the Shares and the Company's ability to raise capital in the future

The market price of the Shares could decline as a result of future sales of substantial amounts of the Shares or other securities relating to the Shares in the public market, including by the Company's substantial shareholders, or the issuance of new Shares by the Company, or the perception that such sales or issuances may occur. Future sales, or perceived sales, of substantial amounts of the Shares could also materially and adversely affect the Group's ability to raise capital in the future at a time and at a price favourable to it, and the Company's shareholders would experience dilution in their holdings upon issuance or sale of additional securities in the future.

The market price of the Shares when trading begins could be lower than the Offer Price as a result of adverse market conditions or other adverse developments that could occur between the time of sale and the time trading begins

The initial price to the public of the Shares sold in the Global Offering will be determined on the Price Determination Date. However, the Shares will not commence trading on the Stock Exchange until they are delivered, which is expected to be the fifth Business Day after the pricing date. As a result, investors may not be able to sell or otherwise deal in the Shares during that period. Accordingly, holders of the Shares are subject to the risk that the price of the Shares when trading begins could be lower than the Offer Price as a result of adverse market conditions or other adverse developments that may occur between the time of sale and the time trading begins.